UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
9th meeting
held on
Monday, 1 November 1993
at 3 p.m.
New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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Distr. GENERAL
A/C.5/48/SR.9
7 December 1993
ENGLISH
ORIGINAL: SPANISH

93-82014 (E)

The meeting was called to order at 3.10 p.m.

AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/48/11)

1. Mr. YEGOROV (Belarus) endorsed the proposal to appoint Mr. Ali as member emeritus of the Committee on Contributions. Mr. Ali's vast experience would be of great value to the Committee.

2. Neither the Committee on Contributions nor Member States, including Belarus, had yet come up with a method to eliminate the imbalance between the current capacity to pay of many Member States and the financial obligations arising from membership status. That problem arose from two sources: the first was the absence of political will to find a way of distributing the financial burden equitably, with due regard to the current economic situation of each Member State; the second, which derived from the first, was that assessments had thus far been calculated on the basis of an obsolete and cumbersome methodology, which was not adapted to current requirements, and the proof lay in the fact that the Committee on Contributions, the Fifth Committee and the General Assembly had not managed to respond to his country's request that consideration should be given to reducing its assessment to the United Nations budget.

3. In June 1992, owing to the steady economic decline in his country, linked mainly to the consequences of the Chernobyl nuclear disaster, his Government had asked the Committee on Contributions to reduce the amount of its assessment. Yet, the Committee, concerned with resolving the problem of redistributing the assessment of the former USSR, had recommended to the General Assembly, at its forty-seventh session, that the assessment rate of Belarus and Ukraine should be increased by more than 50 per cent. That arbitrary solution had been the result of the Committee members' decision to distribute the contribution of the former USSR in a mechanical fashion among Belarus, Ukraine, the Russian Federation and the new States Members of the United Nations which had also been part of the former Soviet Union. In addition, Belarus and Ukraine had been included in the list of new Member States even though both had been founding Members of the Organization. In taking that step, the Commission was disregarding the principle of the sovereign equality of all Member States, rule 160 of the rules of procedure of the General Assembly, and other universally accepted principles and criteria for the determination of the scale of assessments. Furthermore, the Committee on Contributions had used outdated statistics on the national income of Belarus for the period 1980-1989, which had been based on an artificial exchange rate linking the Soviet rouble and the United States dollar, and had ignored the data prepared by national statistical institutes, which better reflected his country's capacity to pay.

4. His Government had been compelled to state at the forty-seventh session that it found those recommendations unacceptable, and his delegation had done everything possible to bring about a re-establishment of justice, to no avail. The Fifth Committee, and subsequently the General Assembly, had approved the recommendations of the Committee on Contributions, which had led to the adoption of decision 47/456. That unprecedented decision had been rejected by more than one third of the States Members of the United Nations, which was a warning sign

(Mr. Yegorov, Belarus)

that things were not right in relations between the Organization and its Member States.

5. On 17 February 1993, his Government had made a statement in which it had reaffirmed that the decision adopted was unacceptable and had declared that Belarus, in conjunction with other States Members of the United Nations, was prepared to continue to seek a fair solution, regarding the amount of its assessment. Again, there had been no reply and it had not been possible to adopt a decision at the resumed forty-seventh session.

6. In June 1993, in a note verbale from its Permanent Representative to the United Nations in which the latter had cited rule 160 of the rules of procedure of the General Assembly, his country had again asked the Committee on Contributions to change its assessment rate for 1993 and 1994 in view of the calamitous deterioration of its capacity to pay, and, in support of its request, it had presented updated national income data and exchange rates prepared by the competent bodies of Belarus and by the International Monetary Fund.

7. In accordance with rule 160 of the rules of procedure of the General Assembly, in cases where it was clear that substantial changes had occurred in States' relative capacity to pay, a revision of the scale of assessments could be undertaken. Furthermore, the Committee on Contributions had the authority to make recommendations to the General Assembly in response to requests from Member States for changes in their assessments. Nevertheless, the Committee had not done so and had arrived at the conclusion, set forth in paragraph 28 of its report (A/48/11), that a determination of assessment rates for the 22 Member States (including Belarus) that better reflected their current capacity to pay could only be achieved in the context of a new scale of assessments. Consequently, the requests made by Belarus and other States with regard to rule 160 of the rules of procedure of the General Assembly had not been taken into consideration.

8. His country had thus come to several conclusions. First, rule 160 of the rules of procedure had become a dead letter since it was not taken into account in practice. Second, the current methodology for determining the scale of assessments was not based on the principle of States' capacity to pay, nor did it possess sufficient flexibility or transparency. Third, there was a need for profound changes in the Organization and methods of work of the Committee on Contributions, whose work should be based on rigorous legal foundations and a methodology which, as stated in its own report (A/48/11, para. 66), should be simple, transparent and based on reliable, verifiable and comparable data.

9. In his delegation's view, one possible approach was suggested in paragraph 66 of the Committee's report (the "clean slate" approach). His delegation did not agree that a radical change in methodology might have a negative impact on developing countries. The illustrative scale in annex V to the report indicated otherwise. The changes in the assessments of countries whose economies had performed satisfactorily in 1993 only reflected the changes in their real capacity to pay, which was, after all, the fundamental criterion for determining the scale of assessments.

(Mr. Yegorov, Belarus)

10. Belarus was faced with a dilemma. It could remain in arrears in the payment of its contributions to the Organization and possibly lose the right conferred by Article 19 of the Charter, or it could pay an unfair assessment and suffer direct financial harm. Its sense of responsibility did not allow it to remain chronically in debt to the Organization, and in October, despite its difficult economic and financial situation, the Government of Belarus had paid $3.5 million to the United Nations regular budget. However, in view of the tremendous difficulties that its people were experiencing, the Government of Belarus could not accept the unfair financial obligations imposed on it. Given that Belarus' assessment for 1992, 1993 and 1994 had been set by General Assembly resolution 46/221 A at 0.31 per cent, his delegation thought that the Fifth Committee should request the General Assembly to instruct the Committee on Contributions to establish just compensation for Belarus' higher assessment with respect to the United Nations regular budget for 1993 and 1994.

11. His delegation hoped that the Fifth Committee would consider its current request with goodwill and that a universally acceptable solution could be reached that would allow the Committee to continue to work on a consensus basis.

12. Mr. DIPP-GOMEZ (Dominican Republic) supported the recommendation that the General Assembly should appoint Mr. Ali as member emeritus of the Committee on Contributions.

13. The methodology contained in General Assembly resolution 46/221 B, which had been adopted by consensus, was acceptable to most of the Member States, even though the Committee had not considered debt-adjusted income, floor and ceiling rates or the situation of the least developed countries. Neither had the Committee on Contributions been in a position to address the request contained in paragraph 7 (c) of that resolution. He hoped that, during its next session, the Committee on Contributions would be able to make a recommendation for consideration by the General Assembly at its forty-ninth session, since, as the Chairman of the Committee on Contributions had indicated, it had suggested five alternatives without making any recommendation and had concluded that the national income concept was still the soundest for the purposes of the scale.

14. The Dominican Republic had accepted the criterion used, even though, over the past 10 years, it had had a per capita income far below $6,000 and very large external debt entailing very high interest payments that drained valuable resources that could have been used for the country's development. It was evident from the figures in annexes I to IV to the report (A/48/11), which illustrated alternatives based on national income, debt, per capita income and ceiling and floor rates, that the assessment rate assigned to the Dominican Republic by the Committee on Contributions was too high in relation to its actual situation and the official data of the United Nations Statistical Division. The Committee on Contributions should study the national income statistics of the Dominican Republic for the past 10 years, as well as other aspects of its economy and finances such as national product and per capita income, so that the assessment rate assigned to it would reflect the real situation. He also hoped it would be possible to arrive at a transparent scale that established the true assessment rates of each Member State, so that no State would feel that it was being penalized by having to pay an excessive contribution.

(Mr. Dipp-Gomez, Dominican Republic)

15. In view of the Committee on Contributions's difficulties in achieving an accurate reflection of the capacity to pay of Member States, paragraph 66 of the report suggested that a country's assessment rate might be based solely on its total national income as compared to the total world income. However, General Assembly resolution 46/221 B referred to factors that, if taken into account, would have a mitigating effect for the least developed countries.

16. Given today's dynamic and changing world, the Dominican Republic found acceptable the Committee on Contributions' recommendation in paragraph 53 of its report for the adoption of a more realistic, appropriate statistical base period.

17. Mr. AL-AMRI (Oman) supported the Committee on Contributions' decision to recommend to the General Assembly that it should appoint Mr. Ali as member emeritus of the Committee on Contributions and expressed his delegation's appreciation to Ambassador Ali for his 27 years of distinguished service as Chairman of the Committee on Contributions.

18. He recalled that, in paragraph 1 of its resolution 45/256 A, the General Assembly had reaffirmed that the methodology for determining the scale of assessments should be simplified as far as possible with a view to making it more transparent and stable over time and that the scale of assessments should be determined on the basis of reliable, verifiable and comparable data. Subsequently, in its resolution 46/221 B, the General Assembly had reaffirmed that the capacity of Member States to pay was the fundamental criterion for determining the scale of assessments; the scale of assessments should be determined on the basis of reliable, verifiable and comparable data; and the methodology for determining the scale of assessments should be simplified in so far as possible in order to make it more transparent and stable over time. The Assembly had also requested the Committee on Contributions to recommend a method for phasing out the system of limits over two three-year scale periods which would also include provisions to avoid the allocation of additional points to developing countries and had asked it to examine ways to minimize, in the first six years of the post-transition period, the allocation of additional points to developing countries which had been benefiting from the application of the scheme of limits. In resolution 46/221 D, the General Assembly had also requested the Committee on Contributions to present alternative methodologies and to comment on a model scale using a statistical base period of 10 years. That scale would be arrived at by distributing average national income weighted by per capita national income and by applying the existing floor and ceiling rates.

19. Those two resolutions provided the general framework within which a new methodology could be elaborated to determine the scale of assessments. In the view of Oman, however, the "clean slate" approach was not advisable, since it would chiefly benefit the developed countries and would cause an abrupt negative change in the assessment rates of developing countries, as indicated in paragraph 67 of the Report of the Committee on Contributions. The ideal approach would be to simplify and adjust the current methodology so as to reflect the genuine capacity of Member States to pay.

20. Mr. NDOBOLI (Uganda) commended Mr. Ali on his outstanding work and supported the proposal to appoint him as member emeritus of the Committee on Contributions.

21. The "clean slate" approach to the assessment of rates was too radical and called for caution. Any scale that would reflect the real capacity to pay of Member States must draw on experience garnered over the course of several decades, and not attempt to start afresh. Unfortunately, no methodology could satisfy all interested parties.

22. His delegation agreed with the Committee on Contributions that the concept of national income was the best approach to determining the scale. It also agreed that, despite some temporary problems cited in the report, market exchange rates (MERs) should continue to be used. The statistical base period should be determined with caution, since, as the Committee on Contributions had noted, the length of that period under the current methodology permitted fluctuations in levels of national income to average out. The length of that period could be gradually reduced, at a pace that would guarantee stability. For the moment a base period of nine years, as recommended by the Committee on Contributions, seemed reasonable.

23. It should be borne in mind that the scheme of limits was closely linked with other components of the methodology and affected the stability and predictability of the scale. Any plan to phase out the scheme of limits must protect developing countries from adverse consequences.

24. Uganda welcomed the consensus that the floor rate of 0.01 per cent should be maintained in any future methodology, and would oppose any attempt to tamper with it. It hoped that any future methodology would take into consideration the realities of the 22 Member States whose rates had yet to be set.

25. His delegation was prepared to work with other delegations in adapting the current methodology, without resorting to radical change, and with a view to creating a predictable, fair, logical and non-discriminatory methodology that could be adopted by consensus.

26. Mr. KANDAR (United Arab Emirates) congratulated Mr. Ali for his work as Chairman of the Committee on Contributions, and supported the proposal to appoint him as member emeritus of that body.

27. The United Arab Emirates observed that, as a consequence of the current scale, its rate had risen, in less than 10 years, from 0.07, which already was a high level, to 0.21 per cent. Despite serious conflicts and difficulties in the Gulf region, which had adversely affected the country's social and economic situation, the Government of the United Arab Emirates had always endeavoured to pay its share of the Organization's regular budget punctually. The economy of the United Arab Emirates depended, as did that of all other countries of the region, on a single income source, petroleum. Furthermore, the United Arab Emirates assisted other countries, especially Arab and Islamic ones, in tackling their development problems.

(Mr. Kandar, United Arab Emirates)

28. He hoped that any future methodology for the scale of assessments could be adopted by consensus and would take into account such realities as the economic, political and social changes currently taking place throughout the world.

29. Mr. BARIMANI (Islamic Republic of Iran) supported the proposal to appoint Mr. Ali as member emeritus of the Committee on Contributions, in recognition of his distinguished service.

30. His delegation had noted the difficulties with which the Committee on Contributions had had to grapple during its fifty-third session, particularly with regard to the 22 Member States whose rates had yet to be set. Determining an assessment rate which would reflect the real capacity to pay of those Member States could only be achieved in the framework of a new scale of assessments.

31. The current methodology needed to be adjusted, not discarded. Iran opposed the "clean slate" approach, for, as stated in paragraph 67 of the report, such an approach would benefit the developed countries and adversely affect developing countries.

32. Of the five income concepts considered by the Committee on Contributions in paragraphs 34 to 41 of its report, that of national income remained the best means of determining the capacity of Member States to pay, and, from a technical point of view, the soundest means of revising the scale of assessments.

33. With regard to the statistical base period, Iran felt that, in view of the rapid political and economic changes taking place in the world, a 10-year base period could not adequately reflect the economic realities of most countries. A shorter period of five or at most seven years, would better reflect the real capacity of developing countries to pay, particularly those with transition economies.

34. The market exchange rate (MER) was the most appropriate for determining the scale of assessments, but it was disadvantageous to countries with exchange rate problems or high inflation and to those which were shifting from centrally planned to market economies. For such countries, price-adjusted rates of exchange (PAREs), should be used to correct the distortions and imbalances caused by MERs.

35. In the view of Iran, the scheme of limits should be phased out. According to paragraph 58 of the report, the phasing out of the scheme of limits and the shortening of the base period could adversely affect some countries and benefit others. Consequently, in eliminating the scheme of limits, all remaining provisions of resolution 46/221 B must be strictly respected, so as not to assign additional points to developing countries, especially those which had benefited from the implementation of the scheme of limits.

36. Mrs. RODRIGUEZ (Cuba) supported the recommendation that Mr. Ali should be appointed member emeritus of the Committee on Contributions, in recognition of his 27 years of distinguished service.

37. During the current session, the Committee on Contributions must propose assessment rates for "the 22 Member States" that reflected their difficult

(Mrs. Rodriguez, Cuba)

political, juridical and financial situation. Such new rates should not adversely affect those of developing countries.

38. Cuba was in favour of changing some of the components of the current methodology, in particular shortening the statistical base period to three years, yet it would be willing to accept a compromise formula and support the guidelines included in paragraph 3 of resolution 46/221 B as a basis for determining the scale of assessments for the three-year period 1995-1997.

39. Cuba wished to go on record as being opposed to a radical change in methodology, which would be prejudicial to a sizeable group of developing countries, including those currently paying 0.01 per cent, and attached great importance to the elements contained in paragraph 7 (c) of resolution 46/221 B.

40. Mr. AL-ZIBN (Saudi Arabia) supported the recommendation that Mr. Ali, Chairman of the Committee on Contributions, should be appointed member emeritus of the Committee.

41. Regarding the scale of assessments for the period 1995-1997, he pointed out that the Fifth Committee, while not losing sight of the legitimate concerns of some new Member States, ought to try to furnish the Committee on Contributions with equitable, realistic guidelines, so as to avoid a repetition of the difficulties that had arisen during the forty-seventh session of the General Assembly.

42. While sharing the preoccupations of the 22 new Member States that had belonged to the former Soviet Union, the former Yugoslavia and the former Czechoslovakia, his delegation agreed with the conclusion reached in paragraph 29 of document A/48/11 that the most balanced result for the largest number of Member States would be achieved through modification of the methodology for the preparation of the next scale of assessments. The current methodology was far from perfect, but any change in the scale of assessments - a measure that would have numerous political repercussions - ought to be made through gradual and calculated improvement of existing methodology. Any drastic change, such as the proposed total elimination of the existing system, would benefit only a few Member States and would result in considerable losses for the majority.

43. Regarding the statistical base period, the Saudi Arabian delegation was willing to examine the concept that a period of nine years was technically superior to the current one, but for the time being it supported the current 10-year period.

44. At a time when the responsibilities of the United Nations were growing ever broader, Member States should pay special attention to the ways of financing the work of the Organization. Accordingly, he supported Japan's proposal that an independent body be established to study ways to improve the current methodology, including the question of capacity to pay.

45. Mr. MOHAMAD (Qatar) supported the recommendation that Mr. Ali be appointed member emeritus of the Committee.

(Mr. Mohamad, Qatar)

46. It was deplorable that the Fifth Committee had not yet managed to elaborate clear directives for the examination of the scale of assessments for the period 1995-1997 which the Committee on Contributions would have to carry out in 1994. It was indispensable that the necessary principles should be determined during the current session.

47. Regarding the proposal to introduce a new scale methodology, Qatar supported the methodology currently in force, which had evolved and been improved over the years. While it was not perfect, any changes to be introduced must be made cautiously, taking duly into account the economic situation of the Member States, so as to achieve equity for all.

48. The principle of capacity to pay based on national income must continue to be used for the establishment of the scale of assessments. It was not advisable to alter that principle, applying a diametrically opposed formula. One of the elements concerning which there were doubts was the proposal to use purchasing power parities for the purposes of the scale, when even the International Monetary Fund continued to use market exchange rates.

49. The Qatar delegation opposed the replacement of the existing methodology with a new one, which would further burden the Committee on Contributions and might entail difficulties for many developing countries. To achieve the desired objectives, it was necessary to continue with the current methodology, introducing the requisite changes gradually, one by one.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Managing works of art in the United Nations

50. The CHAIRMAN drew the Committee's attention to an informal text of a draft resolution on managing works of art in the United Nations and said that, if he heard no objection, he would take it that the Fifth Committee wished to approve it.

51. Mr. MAYCOCK (Barbados), while generally in agreement with the informal text, pointed out that paragraphs 1 and 2 were somewhat contradictory. It was not possible to accept both the observations of the Joint Inspection Unit and those of the Secretary-General on the subject, since the Secretary-General, in his report, did not endorse all the recommendations of the Unit. He (Mr. Maycock) therefore proposed that paragraph 1 should be amended, "Accepts" being replaced with "Takes note with appreciation of".

52. Mr. SPAANS (Netherlands) said that on reading document A/48/72/Add.1, one might reach the conclusion that there was a discrepancy between what was recommended by the Joint Inspection Unit and what the Secretary-General was willing to accept. During the general debate, many delegations had supported the position of the Secretary-General, a fact which was not duly reflected in the proposed informal text. His delegation generally agreed with the position adopted by the Secretariat, with the exception of the composition of the Arts Committee. Concerning paragraph 3, as the Joint Inspection Unit constituted a biennial item, the requested report would have to be presented to the General

(Mr. Spaans, Netherlands)

Assembly at the fiftieth, not the forty-ninth session. Perhaps the text of the proposed draft resolution might be redrafted at an informal meeting.

53. The CHAIRMAN said that, in view of the two previous statements, informal consultations would be necessary before the draft resolution was approved.

54. Mr. BOIN (France) agreed with the representative of the Netherlands, but expressed doubt concerning the utility of informal consultations. Inasmuch as there was no consensus on the recommendations of the Joint Inspection Unit, he suggested that the debate on the topic be considered closed.

OTHER MATTERS

55. Mr. PANEV (the former Yugoslav Republic of Macedonia), speaking in exercise of the right of reply, said that, under Security Council resolution 817 (1993), his delegation had the right to use the constitutional name of his country, namely, the Republic of Macedonia. The Greek delegation should consult the Office of Legal Affairs of the Secretariat for the correct interpretation of that resolution.

56. Mr. ZEVELAKIS (Greece) observed that according to resolution 817 (1993), that State would be "referred to for all purposes within the United Nations as 'the former Yugoslav Republic of Macedonia'".

The meeting rose at 4.55 p.m.